

DOUBLE TAXATION: SHIPPING PROFITS

*Exchange of notes at Washington August 24, 1933, and January 9, 1934
Entered into force January 9, 1934; operative from April 6, 1932*

48 Stat. 1842; Executive Agreement Series 56

The Irish Chargé d'Affaires ad interim to the Secretary of State

IRISH FREE STATE LEGATION
Washington, D.C., 24th August, 1933

SIR:

I am requested by my Government to bring to the notice of the Government of the United States the provisions of Section 10 of the Finance Act, 1932 (No. 20 of 1932) which section reads as follows:

"10.—Subject to the provisions of this section, exemption shall be granted from income tax (including super-tax, or sur-tax, as the case may be) in respect of so much of the income of a citizen of the United States of America not resident in the Irish Free State or of a corporation organised in the United States of America as is derived from the operation of a ship or ships documented under the laws of the United States of America."

I have the honour to be, Sir,
Your obedient servant,

W. J. B. MACAULAY
Chargé d'Affaires ad interim

Honourable CORDELL HULL
*The Secretary of State of the United States
Washington, D.C.*

The Acting Secretary of State to the Irish Minister

DEPARTMENT OF STATE
Washington, January 9, 1934

SIR:

In a note dated August 24, 1933, Mr. Macaulay, as Chargé d'Affaires *ad interim*, brought to the notice of the Government of the United States the provisions of Section 10 of the Irish Free State Finance Act of 1932, which provides for the relief of American steamship owners from double income tax on shipping profits.

The text of Section 10 of the above law was brought to the attention of the Secretary of the Treasury, with the request that he inform the Department of State whether the Irish Free State satisfied the equivalent exemption requirements of Sections 212(b) and 231(b) of the United States Revenue Act of 1932.¹ I have pleasure in informing you that I am now in receipt of a letter from the Acting Secretary of the Treasury dated December 14, 1933, which reads in part as follows:

"In view of the fact that the Irish Free State, under the provision of law quoted above, exempts from income tax so much of the income of a citizen of the United States not resident in the Irish Free State or of a corporation organized in the United States as is derived from the operation of a ship or ships documented under the laws of the United States, it is the opinion of this Department that the Irish Free State meets the reciprocal exemption provisions of sections 212(b) and 231(b) of the Revenue Act of 1932. The income of a non-resident alien individual and of a foreign corporation which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of the Irish Free State is, therefore, not required to be included in gross income and is exempt from income tax under the provisions of the Revenue Act of 1932. The exemption accorded herein is effective April 6, 1932, the beginning of the first income-tax taxable year to which Section 10 of the Finance Act of 1932 is applicable."

It will be observed that the Acting Secretary of the Treasury holds that in view of the fact that the Irish Free State, under the provisions of Section 10 of the Irish Free State Finance Act of 1932, exempts from income tax so much of the income of a citizen of the United States not resident in the Irish Free State or of a corporation organized in the United States as is derived from the operation of a ship or ships documented under the laws of the United States, the Irish Free State has satisfied the equivalent exemption provisions of Sections 212(b) and 231(b) of the United States Revenue Act of 1932. The exemption accorded to steamship owners of the Irish Free State under the above ruling of the Acting Secretary of the Treasury is effective as of April 6, 1932, the beginning of the first income-tax taxable year to which Section 10 of the Irish Free State Finance Act of 1932 is applicable.

Accept, Sir, the renewed assurances of my highest consideration.

For the Acting Secretary of State:

R. WALTON MOORE

Mr. MICHAEL MACWHITE,
Minister of the Irish Free State.

¹ 47 Stat. 228 and 230.